
OFFICE OF THE COMPTROLLER OF THE CURRENCY
AND
FEDERAL DEPOSIT INSURANCE CORPORATION

**INTERAGENCY CHARTER AND DEPOSIT
INSURANCE APPLICATION**

FOR
BLUE RIDGE BANK, N.A.
CHARLOTTE, NORTH CAROLINA

PUBLIC VOLUME I

**HUNTON &
WILLIAMS**

INTERAGENCY CHARTER AND FEDERAL DEPOSIT INSURANCE APPLICATION

(Check all appropriate boxes.)

Type of Charter

☒ National Bank
☐ State Bank
☐ Federal Savings Bank or Association
☐ State Savings Association
☐ Other _____

Special Focus

☐ Community Development
☐ Cash Management
☐ Trust
☐ Bankers' Bank
☐ Credit Card: ☐ CEBA ☐ Non-CEBA
☐ Other _____

For OCC: ☐ Standard ☐ Expedited**Chartering Agency**

☒ Comptroller of the Currency
☐ Office of Thrift Supervision
☐ State _____

Insurance Fund

☒ Bank Insurance Fund
☐ Savings Association Insurance Fund

Type of Insurance Application

☒ De Novo
☐ Operating Noninsured Institution
☐ Other _____

Federal Reserve Status

☐ Member Bank
☒ Nonmember Bank

Proposed Depository Institution (institution)Blue Ridge Bank, N.A.

Name

2100 Rexford Road, Suite 100

Street

CharlotteNorth Carolina27103

City

State

ZIP Code

Holding Company Identifying Information (if applicable)Blue Ridge Holdings, Inc.

Name

2100 Rexford Road, Suite 100

Street

CharlotteNorth Carolina27103

City

State

ZIP Code

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INTERAGENCY CHARTER AND FEDERAL DEPOSIT INSURANCE APPLICATION

1. Overview

- (a) **Provide a brief overview of the application. The overview should describe the institution's business and any special market niche, including the products, market, services, and any nontraditional activities.**

Blue Ridge Bank, N.A. (the "Bank") is being organized as a national bank for the purpose of assuming certain liabilities and purchasing certain assets of a failing bank or thrift from the Federal Deposit Insurance Corporation (the "FDIC"), which will be acting as the receiver of the financial institution.

The proposed Board of Directors of the Bank consists of the following six (6) individuals: Edward J. Brown III, Robert J. Brown, Robert L. Wright, Milton H. Jones, Jr., Walter L. Davis and Charles M. Williams. An additional outside director will be added, and the IBFR for such director will be forwarded as soon as it is available. These individuals have played, and will continue to play, an active role in the development of the Bank prior to the time that it opens for business. In addition, each proposed director is serving as an organizer of the Bank.

The Bank will be led by an experienced senior management team initially composed of: the Chairman, President and Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, and Chief Credit Officer. Each of these positions is discussed in Section 2 of this application.

These officers and directors have extensive experience evaluating and executing acquisitions. Each of the executive officers has started at banks that were small but grew very large. The officers and directors have gained extensive experience over the past 30 years operating financial institutions, including management of problem assets. In successfully transitioning the banks with which they have previously worked, management has developed a lean efficiency methodology. Management also has the necessary skill sets and ability to work through the issues that caused the target bank to fail, while also leveraging the franchise value by working on multiple tracks simultaneously. These characteristics will allow them to acquire a failed bank and turn it around successfully.

The Board of Directors also has a deep banking knowledge base, as well as strong governance experience. The directors and executive officers will evaluate the platform and change the processes of the failed bank as necessary to accomplish their strategic goal of cleaning up the balance sheet and growing the bank. Management intends to enlist the help of the failed bank's employees throughout this process.

The organizers believe that relationship banking is the key to profitable customer relationships. Management intends to focus on banking fundamentals in order to restore profitability to the failed bank that is acquired. The Bank will offer a broad range of products and services delivered by trusted, experienced bankers. Our strategic advantage will be our relationship focused approach. The Bank will close this gap by employing a differentiation strategy, to include the experience and expertise of our relationship managers, sophisticated technology, and sufficient capital to address the credit needs of middle market borrowers.

The Bank will be a wholly-owned subsidiary of Blue Ridge Holdings, Inc. (the "Company"), a Delaware corporation organized to become a bank holding company for the Bank. The Company will be a one-bank holding company and will own all of the issued and outstanding shares of the Bank.¹

In connection with a purchase and assumption, sufficient capital will be injected into the Company, which would in turn be injected into the Bank to ensure the Bank is well-capitalized when it opens for business. The initial capitalization will, of course, depend on the size of the Bank to be acquired. However, through indications of interest from investors, the Company will have the capacity to provide up to \$1 billion in funding through its initial capital raise. To the extent that an investor exceeds 4.9% of the total number of shares of voting common stock, the investor's shares in excess of such amount will automatically convert into nonvoting common stock. Certain investors may be allowed to own up to 9.9% voting and economic interest, provided that they receive any required regulatory approval. No investor will be permitted to own in excess of 9.9% voting and economic interest. In addition, it is anticipated that certain directors and officers of the Company will contribute their equity interests in Integrated Capital Strategies, Inc. ("ICS") to the Company in exchange for equity interests. For more details regarding the proposed offering, including the equity to be received by officers and directors, please see the Bank's business plan, which is included on a confidential basis as Confidential Exhibit D to this application.

The officers and directors of the Bank have hired FBR Capital Markets & Co. ("FBR") to assist them in raising capital. FBR and the Bank's proposed officers and directors are in the process of contacting investors and obtaining commitments, which will be submitted as a supplement to this application.

- (b) **Describe any issues about the permissibility of the proposal with regard to applicable state or federal laws or regulations. Identify any regulatory waiver requests and provide adequate justification.**

The Bank is not aware of issues about the permissibility of the proposal with regard to applicable state or federal laws or regulations. The Bank is requesting expedited treatment of its charter application and for the application for the insurance of accounts to be able to participate in the resolution of one or more financial institutions. This proposal includes a seasoned management team, substantial capital, and a sound business plan, which would be beneficial to the insurance fund and the FDIC given the current state of the financial services industry.

- (c) **List and provide a copy of all applications filed in conjunction with this proposal, such as applications for holding company, trust powers, branch offices, service corporations, and other subsidiaries.**

The Bank will be organized in a holding company structure. The Company intends to file an application with the Federal Reserve Bank of Atlanta for prior approval to become a bank holding company concurrently with the Bank's purchase of assets and assumption

¹ It is anticipated that the Company will also have a nonbank subsidiary, Integrated Capital Strategies, Inc., that will perform asset management and loan work-out activities. See the Business Plan attached as Confidential Exhibit D for more information.

of liabilities. A copy of the bank holding company application will be submitted when it is filed with the Federal Reserve Bank of Atlanta.

In addition, if the target institution identified by the Bank has trust powers granted, then the Bank will apply for trust powers. If the target institution identified by the Bank does not have trust powers granted, then the Bank will not apply for trust powers concurrent with the purchase of assets and assumption of liabilities.

- (d) **When available, provide a copy of all public or private offering materials and the proposed form of stock certificate, including any required restrictive legends.**

Copies of the proposed offering materials for the Company will be submitted as soon as they are available.

- (e) **Provide a copy of the proposed articles of association, articles of incorporation, or charter, and proposed bylaws.**

A copy of the proposed articles of association of the Bank are included as Exhibit A to this application. A copy of the proposed bylaws of the Bank are included on a confidential basis as Confidential Exhibit E to this application.

- (f) **Provide a copy of the business plan. The business plan should address, at a minimum, the topics contained in the appropriate regulatory agency's Business Plan Guidelines.**

A copy of the Bank's business plan is included on a confidential basis as Confidential Exhibit D to this application.

2. Management

- (a) **Provide a list of the organizers, proposed directors, senior executive officers, and any individual, or group of proposed shareholders acting in concert, that will own or control 10 percent or more of the institution's stock. For each person listed, attach an Interagency Biographical and Financial Report, a fingerprint card, and indicate all positions and offices currently held or to be held with the institution's holding company and its affiliates, if applicable. Include the signed "Oath of Director" for each proposed director. For an OTS filing, provide a RB 20a Certification for each person listed.**

The organizers of Bank are Edward J. Brown III, Robert J. Brown, Robert L. Wright, Milton H. Jones, Jr., Walter L. Davis and Charles M. Williams. Each of the organizers is also proposed to serve as a director of the Bank. Milton H. Jones, Jr. is being proposed as the Chairman, President and Chief Executive Officer of the Bank. Walter L. Davis will serve as the Vice Chairman and Chief Credit Officer. Charles M. Williams is being proposed as the Vice Chairman and Chief Operating Officer of the Bank. The organizers are currently interviewing individuals for the position of the Chief Financial Officer of the Bank.

An Interagency Biographical and Financial Report for each organizer, proposed director and proposed senior executive officer is included on a confidential basis in a separate unbound volume of this application, and fingerprint cards with respect to each such

person are being submitted to the OCC with this application. Oaths of office for each of the persons proposed to serve as directors of the Bank will be submitted after the Bank opens for business.

The following is a description of the proposed organizers, directors and senior executive officers of the proposed Bank, each of whom have a strong business and financial background as well as many years working together as a team.

Edward J. Brown III, Organizer and Lead Independent Director

Edward J. Brown III had a banking career of over 30 years, of which over 25 years were in senior management roles. Mr. Brown retired in 2004 as the President of Bank of America Global Corporate and Investment Banking, responsible for Global Capital Raising and Global Capital Markets Europe, Middle East and Africa; Asia Wholesale; Latin America; and U.S. and Canada groups. He was also a member of the bank's Operating Committee. Mr. Brown joined the bank in 1972 as a credit analyst in Charlotte and served as an account officer in the Southeastern Department. He was named senior vice president and director of the Southern Department in 1979 and Specialized Industries division executive in 1980. Mr. Brown transferred to Tampa where he was named Tampa Bay area executive in 1982 and Tampa Bay Region executive in 1984. He returned to Charlotte as Middle Market Group executive in 1985 and served in this position until he was named president of Corporate Banking in 1988. He was named president of Global Finance in 1997 and president of Global Capital Raising and Global Capital Markets in 1998.

A native of Savannah, GA, Mr. Brown earned a bachelor's degree in industrial management from Georgia Institute of Technology. He earned a master's degree in finance from Harvard University. Mr. Brown is a member of the PGA Tour Golf Course Properties advisory board and a trustee of the Georgia Tech advisory board. He is a member of the Carolinas HealthCare System board of advisors, the 1999 U.S. Open President's Council and co-chair of the Georgia Tech Regional Development Council.

Robert J. Brown, Organizer and Director

Robert J. Brown is Chairman and Chief Executive Officer of B&C Associates, Inc. B&C is a management consulting, public relations and marketing research firm in High Point, North Carolina. B&C was founded in 1960 and has served many of the Fortune 500. Some of the companies listed in B&C's extensive client portfolio include Sara Lee Corporation, USAA, General Motors Corporation, Coca-Cola Company, Nissan Corporation, Michelin North America, Lowe's, Inc., AutoNation, Inc., Freddie Mac, Sprint, Rooms To Go, Blue Cross Blue Shield of North Carolina, and Office Depot. He is also the Chairman and CEO of B&C International, Inc., and President of International BookSmart Foundation.

In 1956, Mr. Brown entered the field of law enforcement, serving first as a local police officer and then as a federal agent with the U.S. Department of the Treasury. He established B&C in 1960 and served as President & CEO until 1968 when he took a leave of absence from the company to serve as Special Assistant to President Richard Nixon.

Mr. Brown joined the First Union board of directors in 1993 and became a member of the board of directors of Wachovia Corporation in 2001, from which he retired in 2008 when

he reached the mandatory retirement age. Mr. Brown serves on the boards of High Point University, Boston University (Board of Overseers), Virginia Union University, Florida A&M University, American Cancer Society Foundation, NCAA Leadership Advisory Board, National Urban League, and Horatio Alger Association. Mr. Brown holds ten honorary doctorate degrees and six national achievement awards. He has also been honored as a recipient of the Horatio Alger Association of Distinguished Americans Award, the Small Business Administration's Lifetime Achievement Award, the United Way of Greater High Point's 2002 Alexis de Tocqueville Society Award, The High Point Enterprise 2005 Citizen of the Year Award, the U.S. Department of Commerce's Minority Business Development Agency's 2006 Abe Venable Legacy Award for Lifetime Achievement and the U.S. Department of Commerce Minority Business Development Agency's 2007 National Director's Legacy Award for Lifetime Achievement.

He returned as Chairman and CEO of B&C in 1973. He recently retired as a director of AutoNation, Inc., Duke Energy Corporation and Sonoco Products Company. He is a director of aaiPharma, Inc.

Mr. Brown attended North Carolina Agricultural and Technical State University and Virginia Union University.

Robert L. Wright, Organizer and Director

Dr. Robert L. Wright was born in Columbus, Georgia and received a Degree in Optometry from The College of Optometry at The Ohio State University.

Dimensions International, Inc. (DI) was founded in 1985 by Dr. Wright who served as Chairman and CEO then Chairman Emeritus and Senior Advisor until 2007 when the company was sold to Honeywell.

Starting with only three employees, Dr. Wright built DI into a world-class organization with more than 100 offices in 10 countries and over 1500 employees in 16 different time zones. A proven leader, DI provided leading-edge technology to the government and private sector in the fields of logistics support, systems engineering and integration, information management and technology, airspace management, and security engineering and operations. DI provided property management support to the U.S. Army and Marine Corps in the current theater of operations, as well as executed the fielding all Army tactical vehicles worldwide. DI managed warehouses storing aviation materiel for the U.S. Navy and Marine Corps and also operated a National Inventory Control Point for that materiel. DI conducted organizational and direct support maintenance on a variety of Army, Navy, and Marine Corps equipment. DI worked with the Department of the Army in helping develop new logistics innovation concepts as well as policy and doctrine. In addition, DI provided depot-level repair and logistics support services for Navy/Marine Corps Aviation Support Equipment at selected CONUS sites. Sentel Corporation was acquired in 2004 and became a subsidiary of DI. Sentel is an engineering services company with core competencies in electromagnetic engineering; software engineering; test and evaluation; sensor system production, assembly, and installation; and system integration. Sentel's key project expertise is in sensor integration; electromagnetic compatibility; mission-critical software development; and nuclear, biological, and chemical defense.

While Chairman and CEO of DI, Dr. Wright was responsible for the overall direction and leadership of the company, including establishing and presenting the company strategy, goals and objectives. He managed and directed the day-to-day operation of the company to ensure that the goals and objectives were successfully attained. This included management over the operational aspect of each department, including Human Resources, IT, Finance, and Contracts. He was responsible for, and assisted with, all aspects of business development activities. In addition, he was the liaison between the corporation and all political affiliations. His responsibilities included management of the board of directors.

Dr. Wright served as Chairman of Flight Explorer (FE) which he purchased from DI prior to the sale of DI to Honeywell. FE is a global flight tracking, information technology and communications solutions provider to the business aviation and traveler community. FE had its roots at DI and soon became known as the premiere real-time flight tracking and management system in the aviation industry. In September of 2008 Dr. Wright sold FE to Sabre Technologies and became Chairman and CEO of FE Holdings, Inc., a company dedicated to the entrepreneurial spirit of investment and growth in the private and development sectors with interests in motorsports, gaming, entertainment, real estate and lighting.

Dr. Wright has over 40 years of experience in government, business, finance, and project management. He was appointed by President Reagan to the position of Associate Administrator for Minority Small Business at the Small Business Administration, where he managed the office of Minority Small Business/Capital Ownership Development (MSB/COD) to foster business ownership and to promote competitive viability of eligible socially and economically disadvantaged businesses. He managed all activities involving three principal program elements: the 8(a) program; the 7(j) program; and the Capital Ownership Development Program. He made final decisions on all firms entering, completing, and graduating from the program and frequently interacted with members of Congress and White House personnel in formulating new policies and procedures.

He is a member of several boards of directors, and is also an active and past member of various organizations such as: Member, Aflac board of directors and Chairman, Aflac Audit Committee, Member, Executive Leadership Cabinet, Washington, DC, Martin Luther King, Jr. National Memorial Project Foundation, Inc., Board of Trustees, Columbus State University, Member, The Ohio State University Alumni Advisory Council and Capital Campaign Steering Committee, Member, Board of Trustees Morehouse School of Medicine, Member, University of North Carolina at Chapel Hill, School of Public Health, Acceleration Advisory Committee, etc.

Milton H. Jones, Jr., Organizer, Chairman, President, Chief Executive Officer and Director

Milton H. Jones Jr. is a 32-year veteran of Bank of America and its predecessor companies and is the former Georgia Market President of Bank of America ("BoFA") which had more than \$12 Billion in retail deposits, 155 branches and 7,000 associates. Prior to that, Mr. Jones was the Global Quality & Productivity (Q&P) executive for Bank of America and President of the Mid-South Region of Bank of America.

As the former Global Quality & Productivity (Q&P) executive for Bank of America, Mr. Jones reported directly to the CEO and led the Company's quality and six-sigma process

engineering initiatives. He was a member of the company's Management Operating Committee and chairman of its Diversity Advisory Council. A Six Sigma Black Belt, Mr. Jones led the company's corporate-wide quality and Six Sigma process engineering initiatives.

As Mid-South Region President, Mr. Jones directly managed Consumer, Commercial, Premier and Small Business Banking sales and operations for Georgia and Tennessee. Under his leadership, the region was recognized as the most improved in the Company's "President's Cup" balanced scorecard process, moving from 6th to 2nd in one year. The region had more than 200 Banking Centers, \$15 Billion in deposits and \$10 Billion in loans. In this role he also managed Innovation and Development Company-wide and was the topic of a Harvard Business School Case Study and an HBR Article

In addition to the above, Mr. Jones was the former Global Finance Services Group Executive at Bank of America, where he led the transformation of the company's CFO organization. He was also President of Dealer Financial Services, Chief Technology Infrastructure Officer and held senior executive roles in the finance organization, supporting the services company and general bank. He was executive vice president and group manager of finance and administration for the Georgia bank, and served in a number of roles related to financial planning and asset liability information and analysis.

Mr. Jones graduated from the University of Notre Dame. In 1997, he received the National Association of Black Accountants Career Achievement Award. He sat on a number of urban and non-profit committees while he was in Atlanta from 1990 - 2003. Currently, he serves on the Executive Committee of the YMCA of Metropolitan Atlanta, the Board of Trustees of Meharry Medical College in Nashville, Tenn., and the board of directors of the Charlotte, N.C., Chamber of Commerce, and the board of directors of Charlotte Center City Partners.

Walter L. Davis, Organizer, Vice Chairman & Chief Credit Officer, and Director

Walter L. Davis is the former Executive Vice-President of Retail Credit and Direct Lending of Wachovia Corporation. As Head of Retail Credit, he was responsible for leading Wachovia's nationwide originations, servicing, settlement services and default management organizations for the bank's \$70 billion consumer credit portfolio. Mr. Davis was well known for his ability to improve banking operations and for successful application of process improvement methodologies, such as Six Sigma and Lean. Under Mr. Davis' leadership, Wachovia Retail Credit received the J.D. Power #1 customer satisfaction award in 2006 and 2007 for home equity originations, and #1 in servicing in 2008. In addition to managing a home equity portfolio that was consistently recognized by analyst and rating agencies as one of the top performing portfolios in the country, Mr. Davis led the first off-shoring effort in Wachovia's General Bank. After successfully off-shoring a segment of the Mortgage and Retail Credit loan review operations to India, he subsequently led the first Wachovia voice to customer off-shoring efforts in the Philippines.

In January, 2008, Mr. Davis co-led a corporate initiative focused on refinancing Wachovia's \$125 billion dollar troubled option ARM portfolio as a result of the Golden West acquisition, reporting directly to the CEO, Chairman of the Board, and the Risk Committee of the Board. He also directed a corporate effort to enhance the financial institution's capabilities in collections and loss mitigation efforts for its entire \$200

billion consumer loan portfolio. Mr. Davis was also responsible for providing strategic leadership and direction to a \$12 billion mortgage portfolio. This included managing a P&L and an end to end sales and fulfillment channel focused on selling and distributing mortgages in 50 states via indirect and affinity channels, such as employee loans, wealth management, securities, relocation, direct mail, internet and phone.

Prior to his tenure at Wachovia, Mr. Davis was at Bank of America, where he was a Principal in the Real Estate Syndicated Capital Markets Group. At Bank of America, he was responsible for the syndication and participation of large commercial real estate transactions, many of which included the use of tax-exempt bonds and various tax-credit instruments. At BofA, Mr. Davis established the first participation and syndication desk for affordable housing in the country where he successfully partnered with GSE's to structure the syndication of complex tax credit, tax exempt bond and new market tax credit deals.

Mr. Davis holds a B.S. Degree in Psychology from the University of South Carolina and is a graduate of the University of South Carolina School of Banking. He has held a Series 7 and 63 licenses, and was a certified affordable housing developer. Mr. Davis serves on the Board of Trustees of Providence Day School, is a former Vice Chair of the Urban League of Central Carolina and is a former board member of United Way of North Carolina. He is on the Business Partnership Foundation Board at the University of South Carolina School of Business.

Charles M. Williams, Organizer, Vice Chairman & Chief Operating Officer, and Director

Charles M. Williams is the former Managing Director and Chief Administrative Officer of the Global Corporate and Investment Bank (GCIB) of Bank of America. In this role, Mr. Williams managed investment bank global infrastructure including \$1 Billion in strategic investments in over 40 companies, central funding, operational risk, capital management and reporting, information research, operations, off-shoring, financial reporting and business risk controls. In addition, he was a key strategic advisor to the president of GCIB in coordinating and executing strategies that were responsible for growing revenues of the division from \$4 billion to \$10 billion. Mr. Williams was a member of the board of managers of Bank of America Securities and a senior member of the Global Markets Risk Committee.

Mr. Williams was also the former Chairman and president of Bank of America Overseas Corporation and Bank of America International Finance Corporation. In this role, he was directly responsible for overseeing offshore tax, insurance and conduit transactions, which generated more than \$1 billion in 2007 and represented \$9 billion in assets.

Prior to the above, Mr. Williams was the Corporate Risk Evaluation Executive for Bank of America, and led global audit, credit review, compliance, operational risk and regulatory relations. He reported to the Chief Risk Officer and the board of directors and was a member of the Corporate Operating Committee of the bank. Mr. Williams managed an organization with over 1100 associates located in more than 20 countries. He implemented the Blue Ribbon Commission's recommendations, prepared and presented reports to the Audit Committee of the board of directors. He developed the initial framework for measuring and monitoring operational risk, and directed the revision of the banks country risk rating methodology and charge-off metrics.

Mr. Williams joined NationsBank in 1996 as Managing Director and Senior Vice President responsible for worldwide regulatory compliance risk management in the Global Finance Division. He was named Principal Compliance Officer of NationsBank, responsible for overseeing regulatory and compliance risk management across the corporation in 1996. He continued in this position following the merger of NationsBank and Bank of America in 1998. He was named corporate risk evaluation executive in 1999, responsible for global audit, compliance, credit review and regulatory relations.

Prior to joining Nations Bank/Bank of America, Mr. Williams worked as a trader and senior regulatory risk management executive at several top-tier Wall Street investment banks. He earned a Bachelor's Degree in Economics from Marquette University. He has series 7, 8, 12, 24 and 63 licenses, and was a NYSE Allied Member. He is also a Six Sigma Black Belt. Mr. Williams serves on the Board of Trustees of Marquette University, the board of directors of 2XSALT (this organization provides coaching and mentoring to inner city youth), and the Board of Visitors at Charlotte Latin School. Former board memberships include: Securities Industries Association, Junior Achievement Advisory Board, Chemical Dependency Center and the United Way Legacy Board.

- (b) **Describe each proposed director's qualifications and experience to serve and oversee management's implementation of the business plan. Describe the extent, if any, to which directors or major stockholders are or will be involved in the day-to-day management of the institution. Also list the forms of compensation, if any.**

Detail on the background and business experience of the directors and executive officers of the Bank are included in the response to item 2(a) above.

Milton H. Jones, Jr., Charles M. Williams and Walter L. Davis are the only directors who will be involved in the day-to-day operations of Bank. Compensation for all senior executive officers will be established immediately prior to consummation of the purchase and assumption transaction. A form of employment agreement setting forth the type of compensation to be provided to senior executive officers is set forth at **Confidential Exhibit F**.

- (c) **Provide a list of board committees and members.**

It is anticipated that the board of directors of the BHC will establish and maintain the following committees:

Audit and Reporting Committee – The Audit and Reporting Committee oversees the Bank's policies and management activities related to accounting and financial reporting, internal controls, auditing, operational risk and legal and regulatory compliance; the integrity of the Company's financial statements and the adequacy and reliability of disclosures to investors; and the qualifications and independence of the outside auditors and the performance of internal and outside auditors. Independent auditors will report to the Board Audit Committee, CFO and will have access to the CEO. The Corporate Compliance Officer will provide periodic updates to the Board of Directors. Internal audits will be conducted in major lines of business on an eight to twelve month cycle. This committee will also supervise the audit function directly to verify that auditors, internal and external, are independent of Bank management and are objective in their findings. The committee will contract for outside audit services (including loan review

services) and/or will hire senior audit personnel, set compensation, review audit plans, and evaluate performance. The committee will meet with the Bank's auditors as necessary to review reports and discuss findings and will monitor management's efforts to correct deficiencies described in an audit or a regulatory examination.

The Audit and Reporting Committee will be a vehicle for communicating risk management concerns to the full Board of Directors. The committee will seek to ensure that risk management evaluation functions are independent, because the objective is to evaluate management's ability to manage risk within the policies established by the Board of Directors.

The Audit and Reporting Committee will monitor Bank, financial statements, internal and external audit reports, and staff compliance with Board of Director policies, laws and regulations. Because the committee will evaluate Bank financial statements, audits, and compliance, its membership will be chaired by an independent director. All members of the Audit and Reporting Committee must be able to read and understand financial statements at the time of their appointment. To assist it in executing its functions, the Audit and Reporting Committee will have discretion to retain its own outside counsel and other advisors.

Members of the Audit and Reporting Committee are anticipated to be Bob Wright (Chair), Bob Brown, Charlie Williams and Milton Jones.

Risk Committee – The Risk Committee oversees and reviews information regarding the Company's enterprise risk management framework, including significant policies, procedures, and practices employed to manage credit risk, market risk, operational risk and other key risks. This committee's primary responsibility will be to oversee the Bank's actions relating to interest rate risk and liquidity risks. The Risk Committee will also be responsible for overseeing controls to manage interest rate and compliance risks.

Among other activities, this committee will review interest rate risk exposure and approve management's strategies for investment securities activities, deposit programs, and lending initiatives. It will evaluate the Bank's liquidity position and consider the impact of anticipated changes in that position. The Risk Committee will also approve trading strategies and review positions in securities.

The Risk Committee is anticipated to be comprised of Ed Brown (Chair), Charlie Williams, Bob Wright and Walter Davis.

Personnel/Compensation Committee – The Personnel/Compensation Committee will have oversight with respect to the establishment, maintenance and administration of the Bank's compensation and benefit plans. This committee will also manage the compensation and succession planning for key Bank executives. This may include Board of Director and committee fees, salaries, bonus, benefits, contracts, termination guidelines, stock options, vacations, director and officer indemnification, life insurance, etc. If possible, this committee will be comprised of outside directors to preclude conflict of interest situations. Compensation levels should be suitable for the situation and not provide excessive benefits or potentially cause harm to the Bank. The committee will consider the size and financial condition of the Bank as well as compensation for executives or others in similar environments.

The Personnel/Compensation Committee is anticipated to be comprised of New Director to be named (Chair), Bob Wright, Ed Brown and Bob Brown.

Nominating and Corporate Governance Committee - The Nominating and Corporate Governance Committee oversees the selection of director nominations, recommends the board committee composition, oversees management continuity planning, and provides guidance relating to corporate governance issues and maintains the corporate bylaws. If possible, this committee will be chaired by an independent director comprised of outside directors that are independent in accordance with the rules of the NASDAQ Stock Market and the SEC.

The Nominating and Corporate Governance Committee is anticipated to be comprised of Bob Brown (Chair), Milton Jones, Walter Davis and New Director to be named.

The Board of Directors may also establish, from time to time, ad hoc committees to address various issues that the Board of Directors determines may need special attention, including pre-opening legal and regulatory responsibilities of the organizers, such as insurance and bonding requirements. Composition of the committees of the board of directors of the BHC may change subject to the addition of an independent director, the registration of shares of the Company's common stock with the Securities and Exchange Commission, or the requirements of any exchange upon which the Company's common stock becomes listed.

Management Committees:

The Bank anticipates establishing and maintaining the following management committees:

Credit Risk Committee - The Credit Risk Committee will be chaired by the Chief Credit Officer and is responsible for establishing all credit policies, reviewing credit exceptions, monitoring credit performance and ensuring appropriate and prudent governance. This committee will review and recommend to the Board of Directors for its approval, a loan policy and all subsequent revisions. It will be responsible for the implementation and adherence to such policy. It will also verify that management follows appropriate procedures to recognize adverse trends, to proactively identify issues in the loan portfolio, to take immediate corrective action, and to maintain an adequate allowance for loan and lease losses.

The Credit Risk Committee will seek to ensure that risk controls are in place governing compliance with loan-related or other applicable laws and regulations. In addition, this committee will evaluate credit applications and make credit decisions for amounts in excess of executive management's lending authority and when material exceptions to approved loan policy are proposed.

The Audit and Reporting Committee of the BHC will be responsible for engaging both internal and outsourced loan review functions, as it deems appropriate, and for overseeing the activities and findings of both.

The Credit Risk Committee is charged with the review and expedition of timely responses to all credit issues brought to its attention by way of regulatory examinations and by any outsourced or internal credit review.

Corporate Risk – The Corporate Risk Committee will be chaired by the Chief Risk Officer and is responsible for measuring and managing the Bank's aggregate risk profile. This committee will review and manage counter party, market, operational, liquidity and reputational risk.

Asset and Liability Management – The Asset and Liability Management Committee (ALCO) will be chaired by the CFO and is responsible for overseeing the asset/liability (interest rate risk) position, liquidity and funds management, and investment portfolio functions of the Bank.

IT/IS – The IT/IS Committee will be chaired by the COO and is responsible for ensuring proper business alignment, effective change management, effective strategic planning and oversight of IS performance

Compliance – The Compliance Committee will be chaired by the GC/CRO and is responsible for overseeing the Company's compliance program with respect to: (1) compliance with the laws and regulations applicable to the bank's business, specifically banking laws; and (2) compliance with the Bank's Code of Conduct and related policies by employees, officers, directors and other agents and associates of the Bank.

Human Resources and Diversity – The Human Resources and Diversity Committee will be chaired by the HR Executive and is responsible for reviewing all human capital strategies for the Bank to include: compensation and salary administration strategies, performance management, diversity, talent assessment, benefits management, and employment risk.

Customer Service Committee – The Customer Service Committee will be chaired by the CEO and will review key customer delivery metrics, customer performance, systemic trends, service impacts, and loyalty.

Community Reinvestment Act ("CRA") Committee – This committee will meet quarterly to ensure that the Bank is complying with the Community Reinvestment Act and the regulations promulgated thereunder. The CRA Committee will report directly to the Bank's management team and to the Board of Directors. The nature of the committee requires wide representation from the Bank's leadership. Members of the Community Reinvestment Act Committee will include the Chief Credit Officer and the Compliance Officer.

(d) Describe any plans to provide ongoing director education or training.

All of the Bank's proposed directors have previously served as directors and/or senior management of FDIC insured institutions. The Bank will provide other third party training and educational material to directors to assist them in overseeing the conduct of the Bank's management and business. Alternatives available to the Bank include workshops sponsored by the FDIC as well as third parties with whom they have contacts in the Southeast. The Bank will also support the attendance of seminars, symposiums or workshops specifically addressing director education and training.

(e) Describe each proposed senior executive officer's duties and responsibilities and qualifications and experience to serve in his/her position. If a person has not yet

been selected for a key position, list the criteria that will be required in the selection process. Discuss the proposed terms of employment, including compensation and benefits, and attach a copy of all pertinent documents, including an employment contract or compensation arrangement. Provide the aggregate compensation of all officers.

Milton H. Jones, Jr. is being proposed as the Chairman, President and Chief Executive Officer of the Bank. Walter L. Davis will serve as the Vice Chairman and Chief Credit Officer. Charles M. Williams is being proposed as the Vice Chairman and Chief Operating Officer of the Bank. The organizers are currently interviewing individuals for the position of Chief Financial Officer.

Duties and Responsibilities:

Board of Directors – Initially the Board of Directors will primarily be focused on the following duties:

- Acquire access to the FDIC bid list
- Analyze targets
- Conduct due diligence
- Determine capitalization
- Structure bids
- Oversee filing of necessary applications
- Prepare customized strategic business plan

Subsequent to the purchase and assumption, the Board of Directors will focus on the following:

- Strategic planning and overall direction of Bank
- Review of management and employees of acquired bank
- Adding management for the Bank as needed
- Assessment of broad competitive factors and Bank's response
- Identification of new markets for expansion
- Identification of potential strategic partnerships
- Board of Director level marketing direction
- Specific marketing to targeted bank prospects in the community

Chairman, President and Chief Executive Officer ("CEO") – The Chairman, President and CEO has the primary management responsibility for providing executive direction, establishing the strategic direction, and overseeing the performance of the Bank. The Chairman, President and CEO will oversee and work with the Executive Management team to build a strategy to ensure objectives, policies and the strategic plan aligns with regulators and shareholders' interests. He will also chair the Board of Directors and will convene and facilitate all Board of Directors meetings. Additionally, he will ensure that all business strategies and practices align with the direction of the Board of Directors. The Chairman, President and CEO will report directly to the Board of Directors.

Specific duties and responsibilities include:

- Providing leadership in establishing overall operational objectives, resources and business plans.
- Establishing internal controls by developing policies and procedures to identify and assess any risks that would keep the Bank from achieving planned objectives.
- Ensuring that accounting, information and communication systems and related processes are continually assessed and monitored.
- In conjunction with the Board of Directors, to be responsible for capital formation, authorization of capital expenditures, acquisition or disposition of assets and declaration of dividends.
- Developing structure and ensure content and presentation of Board of Directors meeting material.
- Providing analysis, evaluation and application of regulations.
- Participating in volunteer affairs that are consistent with, and supportive of, the Bank's goals.
- Keeping the Board of Directors informed of strategies, tactics and initiatives of Bank; risk management processes and financial and operating results and forecasts.
- Evaluating competition, new business development and market share.
- Making recommendations to the Board of Directors regarding policies, distribution systems and banking locations, organizational structure, Board of Directors and management committees, annual operating budget, compensation plans and capital plans.
- Managing, directing and overseeing all senior executive officers.
- Monitoring the Bank's employee and officer performance evaluation process and compensation and benefit plans and programs.
- Participating in professional associations, attending conventions, conferences and seminars to keep informed on all industry trends and events.
- Representing the Bank and providing leadership in key community activities and Associations.
- Actively soliciting new business opportunities.
- Engaging in other activities, as assigned by the Board of Directors.

Vice Chairman and Chief Operating Officer ("VC/COO") - The Vice Chairman/COO has the primary management responsibility for providing executive direction and oversight for the following: Wealth Management, Commercial Banking, Treasury Services, and Operations and Technology. The Vice President/COO will work closely with the CEO and Executive Management team in developing the Bank's strategy and for ensuring controlled growth. The Vice Chairman/COO will report directly to the Chief Executive Officer.

Specific duties and responsibilities include:

- Providing leadership in establishing overall operational objectives, resources and business plans within Wealth Management, Commercial Banking and Treasury Services.
- Actively evaluating competition, new business development and market share within Wealth Management, Commercial Banking and Treasury Services.
- Identifying, implementing and monitoring appropriate ATM, Internet and other information technology to support Bank's operational objectives.

- Assuring internal control policies are in place and followed regarding internal auditing, risk assessment, and other compliance activities related to Wealth Management, Commercial Banking, Treasury Services, and Operations and Technology
- Work with the CFO and Vice Chairman/CCO to coordinate all loan reporting to regulatory agencies
- Ensure infrastructure is managed in accordance with sound business and regulatory requirements.
- Managing and developing Operations and IT personnel.
- Participating in professional associations; attending industry specific conventions, conferences, and seminars.
- Engaging in other activities, as assigned by the CEO.

Vice Chairman/Chief Credit Officer ("VC/CCO") - The Vice Chairman/CCO has the primary responsibility for providing executive direction and oversight for the following: Credit Risk Management, Consumer Banking, Small Business Banking, Public Policy and Community Development. The VC/CCO will execute sound and consistent management by recognizing the need for a balanced commitment to loan quality, profitability, customer retention and credit quality. This is to ensure that all credit extensions are in compliance with all applicable laws and regulations and to ensure that the Bank operates in a safe and sound manner. The Vice Chairman/CCO is responsible for managing and administering the Bank's loan portfolio, and functions as the senior management's credit representative to the Board of Directors. The credit culture should ensure that short and long-range goals are reached profitably in keeping with the Bank's strategic plan. The Vice Chairman/CCO will report directly to the Chief Executive Officer.

Specific duties and responsibilities include:

- Manage and administer the Bank's loan portfolio.
- Assure that all credit activities comply with the Bank's internal control policies.
- Approve all loans up to limits authorized by the Board of Directors.
- Make recommendations to the Credit Risk Committee on all loans that exceed the limits of senior management.
- Recommend lending limits to the Board of Directors.
- Recruit, train and manage the Bank's credit officers.
- Develop and oversee the Bank's credit culture, loan policies and procedures.
- Work with the CFO and Vice Chairman/COO to coordinate all loan reporting to regulatory agencies.
- Manage collection of delinquencies, charge-offs and problem loans reporting the results monthly to the Board of Directors.
- Develop and monitor loan and budget related goals and objectives for loan personnel.
- Arrange purchase and sale of loan participations with participant/correspondent banks.
- Manage the following programs: other real estate owned, repossessed personal property, internal credit reviews and loan loss reserves.
- Participate in professional associations; attends industry specific conventions, conferences, and seminars; and reads appropriate trade publications.

- Participate in outside civic activities, which will enhance the image of the Bank, increase personal growth, and benefit the community.
- Engaging in other activities, as assigned by the CEO.

Chief Financial Officer ("CFO") - The CFO has the primary responsibility for providing executive direction and oversight for management and compliance of the Bank's finance and accounting operations, including the development and implementation of policies and procedures relating to the Company's internal financial controls, liquidity risk, capital structure, financial planning and financial reporting. Additionally, the CFO will manage all Treasury, financial analysis and public reporting functions, as well as tax, payments and purchasing. The CFO will work closely with the CEO and Executive team in developing the Bank's corporate strategy and releases related to financial performance. The CFO is responsible for and oversees the activities of the finance and accounting personnel of the Bank. The CFO will report directly to the Chief Executive Officer. The CFO has not been determined at this time.

Specific duties and responsibilities include:

- Directing all financial and accounting operations, including investments, management information systems, asset liability management, general ledger and accounts payable activities, and internal and external financial reporting.
- Assuring internal control policies are in place and followed regarding external auditing, risk assessment, asset management and other related compliance activities.
- In conjunction with the Bank's CEO, preparing reviews and monitoring budgets and expenditures to see that they meet the goals and objectives set by the Board of Directors and recommends revisions and budget alternatives when appropriate.
- Managing and developing finance and accounting personnel.
- Responsibility for shareholder and regulator financial reports and communications.
- Preparing annual shareholder proxy information.
- Keeping the CEO and the Board of Directors informed as to the financial results of Bank's operations, the status and expansion of earning assets, and opportunities for maximizing organizational effectiveness.
- Keeping the CEO and the Board of Directors informed as to the Bank's competition in the market and current business and industry developments.
- Expediting responses and requests for clarifications arising from regulatory examinations and inquiries.
- Participating in professional associations; attending industry specific conventions, conferences, and seminars.
- Engaging in other activities, as assigned by the CEO.

The Bank may enter into employment agreements with certain of its executive officers. A copy of the form of employment agreement is included on a confidential basis as **Confidential Exhibit F**. All of the Bank's other employees will be employees-at-will serving at the pleasure of the Board of Directors. The future hiring plans of the Bank will be determined by the financial and capital condition of the Bank and the level of growth experienced. Specifically, the Bank will need to continue to focus on attracting and retaining talented banking professionals.

It is anticipated that the Bank will have several committees that will involve employees from all levels of the organization. Examples of such committees would include a new products committee, exemplary customer service committee and charities/community service committee.

- (f) **Describe any potential management interlocking relationships (12 U.S.C. 1467a(h)(2), 3201-3208, or applicable state law) that could occur with the establishment or ownership of the institution. Include a discussion of the permissibility of the interlock with regard to relevant law and regulations or include a request for an exemption.**

There are no known prohibited interlocking relationships pursuant to 12 U.S.C. 3201-3208.

- (g) **Describe any potential conflicts of interest.**

The Bank is not aware of any potential conflicts of interest.

- (h) **Describe any transaction, contract, professional fees, or any other type of business relationship involving the institution, the holding company, and its affiliates (if applicable), and any organizer, director, senior executive officer, shareholder owning or controlling 10 percent or more, and other insiders. Include professional services or goods with respect to organizational expenses and bank premises and fixed asset transactions. (Transactions between affiliates of the holding company that do not involve the institution need not be described.)**

- 1) **State whether the business relationship is made in the ordinary course of business, is made on substantially the same terms as those prevailing at the time for comparable transactions with non-insiders, and does not present more than the normal risk of such transaction or present other unfavorable features.**
- 2) **Specify those organizers that approved each transaction and whether the transaction was disclosed to proposed directors and prospective shareholders.**
- 3) **Provide all relevant documentation, including contracts, independent appraisals, market valuations, and comparisons.**

It is anticipated that certain executive officers and directors that own an interest in ICS will, at the consummation of the Company's first failed bank acquisition, contribute 100% of the capital stock of ICS to the Company. The Company will own 100% of the stock of the Bank and ICS at the time it becomes a bank holding company. It is anticipated that the Bank will promptly after consummation request approval for ICS to become an operating subsidiary of the Bank. ICS and the Bank will be affiliates for purposes of Section 23A of the Federal Reserve Act ("Affiliates Act") until such approval is obtained. Those executive officers and directors will receive an equity interest in the Company in respect of their contribution of ICS.

- (i) **Describe all stock benefit plans of the institution and holding company, including stock options, stock warrants, and other similar stock-based compensation plans,**

for senior executive officers, organizers, directors, and other insiders. Include in the description:

- 1) The duration limits.
- 2) The vesting requirements.
- 3) Transferability restrictions.
- 4) Exercise price requirements.
- 5) Rights upon termination.
- 6) Any "exercise or forfeiture" clause.

The Bank contemplates a stock benefit plan for officers, director and employees. A stock benefit plan would be made available for directors, officers and employees of up to 15% of initial common stock of the Company. Any options granted will be in compliance with the FDIC's Policy Statement on Applications for Deposit Insurance.

The stock benefit plan under which the stock options will be issued will have a term of ten years. Option grants under the stock incentive plan will not be transferable or assignable, by the optionee in whole or in part, other than by will or the laws of descent and distribution. More information will be provided with respect to the stock benefit plan when the application is supplemented with the offering circular for the Company's capital raise.

3. Capital

- (a) For each class of stock, provide the number of authorized shares, the number of shares to be issued, par value, voting rights, convertibility features, liquidation rights, and the projected sales price per share. Indicate the amount of net proceeds to be allocated to common stock, paid-in surplus, and other capital segregations.

The Company has 1,000,000 shares of common stock, par value \$0.01 per share, authorized (the "Company Stock"), none of which are currently issued and outstanding. A copy of the Certificate of Incorporation for the Company is submitted as Exhibit B. The Company anticipates adopting amended and restated Certificate of Incorporation that will authorize voting and nonvoting common stock, as well as preferred stock. A copy of the draft Amended and Restated Certificate of Incorporation will be submitted as a supplement to the application. The Company anticipates issuing shares of Company Stock upon consummation of a failed bank in an FDIC-assisted transaction in an amount needed to in turn capitalize the Bank at a level acceptable to the OCC and FDIC. Each share of Company Stock will be entitled to one vote on each matter to come before the shareholders. To the extent that an investor exceeds 4.9% of the total number of shares of voting common stock, the investor's shares in excess of such amount will automatically convert into nonvoting common stock. Certain investors may be allowed to own up to 9.9% voting and economic interest, provided that they receive any required regulatory approval. No investor will be permitted to own in excess of 9.9% voting and economic interest. An amount equal to the par value of the Company Stock will be allocated to common stock and the balance to surplus.

The Bank will have 100,000,000 shares of common stock, par value \$10.00 per share authorized (the "Bank Stock"), which is intended to mirror the Amended and Restated Certificate of Incorporation. It is anticipated that, after the offering, the Company will purchase shares of Bank Stock in order to capitalize the Bank. A copy of the proposed

articles of association of the Bank are included as Exhibit A to this application. Each share of Bank Stock will be entitled to one vote on each matter to come before the shareholders. There are no convertibility features, and shareholders will be entitled to share ratably in any assets of the Bank remaining after payment of all debts, liabilities and preference. The sole shareholder of the Bank will be the Company. It is anticipated that an amount equal to the par value will be allocated to common stock and the balance will be allocated to surplus.

- (b) **Describe any noncash contributions to capital, and provide supporting documents for assigned values, including an independent evaluation or appraisal.**

The Bank does not intend to accept any non-cash contributions to capital. It is anticipated that certain executive officers and directors that own an interest in ICS will, at the consummation of the Company's first failed bank acquisition, contribute 100% of the capital stock of ICS to the Company. Those executive officers and directors will receive an equity interest in the Company in respect of that contribution. The value of the equity received by such officers and directors will be determined based on an appraisal of ICS to be performed by an independent evaluator.

- (c) **Discuss the adequacy of the proposed capital structure relative to internal and external risks, planned operational and financial assumptions, including technology, branching, and projected organization and operating expenses. Present a thorough justification to support the proposed capital, including any off-balance-sheet activities contemplated. Describe any plans for the payment of dividends.**

In connection with a purchase and assumption, sufficient capital will be injected to ensure the institution is well-capitalized when the Bank opens for business. Additionally, over the projection period, the Bank's tier 1 risk-based capital ratio and its total risk-based capital ratio will also remain at well-capitalized levels. Detailed assumptions resulting in these capital ratios can be found in the business plan, which is included on a confidential basis as Confidential Exhibit D to this application. If the level of asset growth exceeds the projections detailed in the business plan, the organizers believe that they will have sufficient equity capital on hand or obtainable from the investors.

The Company will conduct an offering of its capital stock to raise capital to support the necessary lending limit and funding capacity for the Bank's targeted commercial and private banking customers, the scale needed for infrastructure investment and support, and the foundation for sound growth over the next several years.

- (d) **List all known subscribers to stock. For organizers, directors, 10 percent shareholders, senior executive officers, and other insiders, include the number of shares and anticipated investment and the amount of direct and indirect borrowings to finance the investment. Discuss how any debt will be serviced.**

A list of all subscribers will be provided as a supplement to the application. The number of shares that officers and directors anticipate subscribing for will be included in that supplement, which will also reflect equity to be received from the contribution of ICS. The anticipated subscribers do not anticipate any direct or indirect borrowings to finance the investments; however, if any borrowings by subscribers are necessary, the Bank will notify the OCC and the FDIC accordingly.

- (e) **List recipients and amounts of any fees, commissions, or other considerations in connection with the sale of stock.**

The Company has engaged FBR to raise capital for failed bank acquisitions. Commissions payable to FBR under the engagement will be paid from the proceeds of the Company's offering.

- (f) **Indicate whether the institution plans to file for S Corporation tax status.**

The Bank does not intend to elect to be taxed as a Subchapter S corporation for Federal income tax purposes at this time or in the foreseeable future.

4. **Convenience and Needs of the Community**

NOTE: This information must be consistent with the proposed business plan.

- (a) **Market Characteristics**

- 1) **Define the intended geographical market area(s). Include a map of the market area, pinpointing the location of proposed bank's offices and offices of competing depository institutions.**

The Bank's intended geographical market area will be defined by the institution purchased from the FDIC. The Bank is targeting failed banks in the Southeastern United States. Additional information about the Bank's geographic market is included in the Bank's business plan, which is included on a confidential basis as Confidential Exhibit D to this application.

- 2) **Describe the competitive factors the institution faces in the proposed market and how the institution will address the convenience and needs of that market to maintain its long-term viability.**

The Bank will address the convenience and needs of the market(s) in which it will be located.

- 3) **Discuss the economic environment and the need for the institution in terms of population trends, income, and industry and housing patterns.**

The Bank will be purchasing the assets and assuming the liabilities of an institution that was placed into receivership.

- (b) **Community Reinvestment Act (CRA) Plan ¹**

NOTE: The CRA Plan must be bound separately.

¹ See applicable state requirements

1) Identify the assessment area(s) according to the CRA regulations.²

The Bank's assessment area will be that of the institution it acquires until further analysis can be made.

2) Summarize the performance context for the institution based on the factors discussed in the CRA regulations.³

The performance context for which the Bank will be evaluated with respect to its compliance with the Community Reinvestment Act includes data regarding the Bank's declared primary service areas such as demographic data, housing costs, income levels, etc., supplied by state, local and community agencies. In addition, the evaluation will include a review of the Bank's performance with respect to products and service offerings to the communities as well as investment activities with respect to similarly situated lenders.

3) Summarize the credit needs of the institution's proposed assessment area(s).

The credit needs of the proposed assessment areas will be defined by the institution acquired.

4) Identify the CRA evaluation test⁴ under which the institution proposes to be assessed.

The CRA evaluation test under which the institution will be assessed will be determined by the institution acquired.

5) Discuss the institution's programs, products, and activities that will help meet the existing or anticipated needs of its community(ies) under the applicable criteria of the CRA regulation, including the needs of low- and moderate-income geographies and individuals.

The Bank plans to actively participate in financing the needs of the communities that it serves. The Bank will actively solicit businesses in low to moderate income areas for lending opportunities to include lines of credit, equipment purchases and real estate acquisition and expansion. The Bank will have available products to serve the employees of these businesses as well.

5. Premises and Fixed Assets

(a) Provide a physical description for permanent premises and discuss whether they will be publicly and handicapped accessible. Indicate the level and type of property insurance to be carried.

The Bank will be purchasing the premises from the FDIC, acting as receiver of a particular institution. Management will review the level and type of property insurance held by the prior institution to determine its adequacy.

² See 12 C.F.R. 25.41, 345.41, 563.41

³ See 12 C.F.R. 25.21(b), 345.21(b), 563e.21(b).

⁴ See 12 C.F.R. 25.21(a); 345.21(a); 563e.21(a).

- (b) **If the permanent premises are to be purchased, provide name of seller, purchase price, cost and description of necessary repairs and alterations, and annual depreciation. If the premises are to be constructed, provide the name of the seller, the cost of the land, and the construction costs. Indicate the percentage of the building that will be occupied by the bank. Provide a copy of the appraisal.**

The Bank will purchase those permanent premises from the FDIC, acting as receiver of a particular institution, which it believes will enable it to execute its business plan.

- (c) **If the permanent premises are to be leased, provide name of owner, terms of the lease, and cost and description of leasehold improvements. Provide a copy of the proposed lease when available.**

The Bank will review the lease or leases of the permanent premises to determine whether to accept the terms or renegotiate.

- (d) **If temporary quarters are planned, provide a description of interim facility, length of use, lease terms, and other associated commitments and costs.**

The Bank does not intend to use temporary quarters.

- (e) **State whether proposed premises and fixed asset expenditures conform to applicable statutory limitations.**

The level of expenditures for premises and fixed assets will conform to applicable statutory limitations.

- (f) **Outline the security program that will be developed and implemented, including the security devices.⁵**

The Bank will review the security program of the institution acquired and make any changes management believes are necessary.

- (g) **Discuss any significant effect the proposal will have on the quality of the human environment. Include in the discussion changes in air and/or water quality, noise levels, energy consumption, congestion of population, solid waste disposal, or environmental integrity of private land within the meaning of the National Environmental Policy Act, 42 U.S.C. 4321, et seq.**

The Bank will be purchasing the assets and assuming the liabilities of an institution placed into receivership.

- (h) **Describe any plan to establish branches or relocate the main office within the first three years. Any acquisition or operating expenses should be reflected in the financial projections.**

Following the purchase and assumption, the Bank will evaluate the location of the main office as well as any branches to determine whether additional branches need to be established or to relocate the main office. However, prior to adding branches or

⁵ See 12 C.F.R. 21, 326, 568.

relocating the main office, the Bank will provide the appropriate notice or seek the appropriate regulatory approval from the OCC and the FDIC.

- (i) **Indicate if the establishment of the proposed main office and/or any branch site may affect any district, site, building, structure, or object listed in, or eligible for listing in, the National Register of Historic Places pursuant to the National Historic Preservation Act, 16 U.S.C. 470f. (See the Advisory Council on Historic Preservation at www.achp.gov for the Act and implementing regulations.) Specify how such determination was made:**

- 1) **Consultation with the State Historic Preservation Officer (SHPO) and/or Tribal Historic Preservation Officer (THPO) (when tribal lands or historic properties of significance to a tribe are involved).**
- 2) **Reviewed National Register of Historic Places (see www.cr.nps.gov/nr).**
- 3) **Applied National Register criteria to unlisted properties.⁶**
- 4) **Reviewed historical records.**
- 5) **Contact with preservation organizations.**
- 6) **Other (describe).**

The Bank will be purchasing the assets and assuming the liabilities of an institution placed into receivership. Thus, is it unlikely that the Bank's location(s) will be subject to the above determination. However, if the Bank intends to establish any location, the Bank will provide the requested information.

6. **Information Systems**

- (a) **State whether the institution plans to market its products and services (the ability to do transactions or account maintenance) via electronic means. If yes, specifically state the products and services that will be offered via electronic banking or the Internet.**

Management of the Bank will review the acquired bank's ability to market its products and services (the ability to do transactions or account maintenance) via electronic means to determine any changes necessary. Additionally, the management team has extensive experience in overseeing systems conversions.

- (b) **Outline the proposed or existing information systems architecture and any proposed changes or upgrades. The information should describe how: (1) the information system will work within existing technology; (2) the information system is suitable to the type of business in which the institution will engage; (3) the security hardware, software, and procedures will be sufficient to protect the institution from unauthorized tampering or access; and (4) the organizers and directors will allocate sufficient resources to the entire technology plan.**

The existing information system is unknown. However, upon acquisition, the Bank will determine how the information system works within the existing technology, whether or not it is suitable to the type of business in which the institution engages, whether or not the security hardware, software, and whether or not the procedures are sufficient to protect the institution from unauthorized tampering or access.

⁶ See 36 C.F.R. 60.4.

- (c) **Provide lists or descriptions of the primary systems and flowcharts of the general processes related to the products and services. The level of detail in these system descriptions should be sufficient to enable verification of the cost projections in the *pro formas*.**

How the primary systems and flowcharts of the general processes related to the products and services will be unknown until an institution is acquired, subject to the size of the acquired institution(s).

- (d) **Estimate the start-up budget for the information systems related to the products and services and the expected annual operating and maintenance costs (including telecommunications, hardware, software, and personnel).**

The information systems related to the existing products and services of the acquired institution will already be in place.

- (e) **Describe the physical and logical components of security. Describe the security system and discuss the technologies used and key elements for the security controls, internal controls, and audit procedures. Discuss the types of independent testing⁷ the institution will conduct to ensure the integrity of the system and its controls.**

The physical and logical components of security will not be known until an institution is acquired.

- (f) **Describe the information security program that will be in place to comply with the "Interagency Guidelines Establishing Standards for Safeguarding Customer Information."⁸**

The Bank will insure that the information security program in place at the acquired institution is in compliance with the "Interagency Guidelines Establishing Standards for Safeguarding Customer Information."

7. Other Information

- (a) **List activities and functions, including data processing that will be outsourced to third parties, identifying the parties and noting any affiliations. Describe all terms and conditions of the vendor management activities and provide a copy of the proposed agreement when available. Describe the due diligence conducted and the planned oversight and management program of the vendors' or service providers' relationships (for general vendor management guidance, see the Appendix of the FFIEC's guidance, Risk Management of Outsourced Technology Services).**

Upon acquisition of the institution, management will determine which activities and functions will continue to be or which will need to be outsourced.

⁷ Independent tests should cover general and environmental controls as well as audit, monitoring, and balancing controls. Independent testing will provide an objective opinion on the adequacy of these controls.

⁸ See 15 U.S.C. 6801, 6805(b); 12 C.F.R. 30; 308 and 364; 568 and 570.

- (b) **List all planned expenses related to the organization of the institution and include the name of recipient, type of professional service or goods, and amount. Describe how organization expenses will be paid.**

The Company estimates that all planned expenses related to the Bank obtaining charter and deposit insurance will not exceed \$1.5 million, which includes legal expenses paid to Hunton & Williams LLP for legal services rendered; and audit and due diligence services performed by KPMG and other entities involved in the due diligence process. Additional expenses are expected to consist primarily of expenses incidental to the due diligence performed on target banks. Separately, consulting expenses will be paid to FBR Capital Markets & Co. for its services rendered in the capital raise and any required financial advisory services as well as legal expenses related to the capital raise, all of which will be paid from the proceeds of the offering.

- (c) **Provide evidence that the institution will obtain sufficient fidelity coverage on its officers and employees to conform with generally accepted banking practices.**

The Bank will secure fidelity insurance coverage in an amount which will equal or exceed industry standards in all major areas of risk assessment. It is anticipated that a bank with \$5 billion in assets would have bond coverage of \$15 to \$25 million, and a bank with \$10 billion in assets would have bond coverage of between \$35 to \$45 million. A copy of the fidelity insurance policy of the Bank will be forwarded to the OCC and FDIC when complete.

- (d) **If applicable, list names and addresses of all correspondent depository institutions that have been established or are planned.**

Management of the Bank will review the existing relationship with the acquired bank's correspondent depository institutions to determine whether or not such will be maintained.

- (e) **Provide a copy of management's policies for loans, investments, liquidity, funds management, interest rate risk, and other relevant policies. Provide a copy of the Bank Secrecy Act program. Contact the appropriate regulatory agencies to discuss the specific timing for submission.**

Management of the Bank will review the acquired bank's policies and make the changes necessary to execute the Bank's business plan.

- (f) **For Federal Savings Banks or Associations, include information addressing the proposed institution's compliance with qualified thrift lender requirements.**

The Bank is not being organized as a federal savings bank or association.

- (g) **If the institution is, or will be, affiliated with a company engaged in insurance activities that are subject to supervision by a state insurance regulator, provide:**

- 1) **The name of insurance company.**
- 2) **A description of the insurance activity that the company is engaged in and has plans to conduct.**

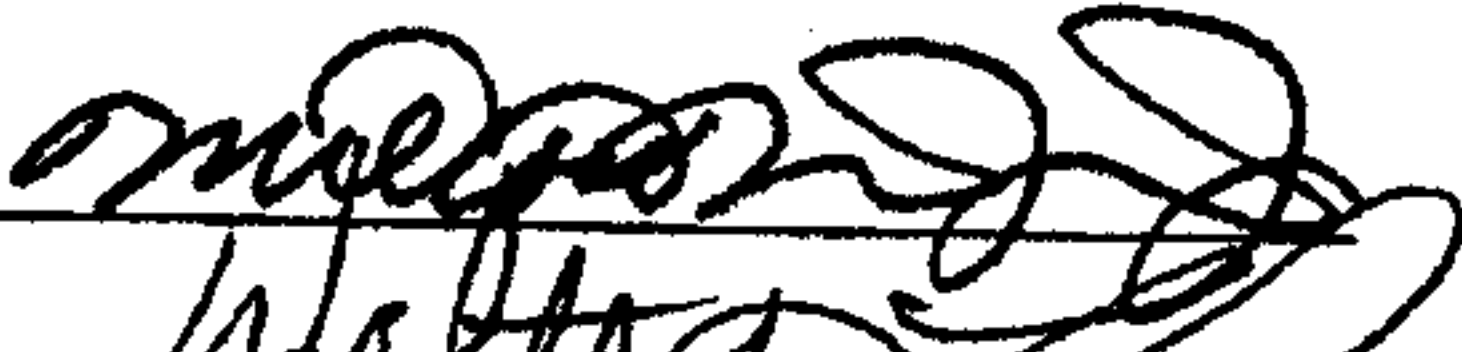


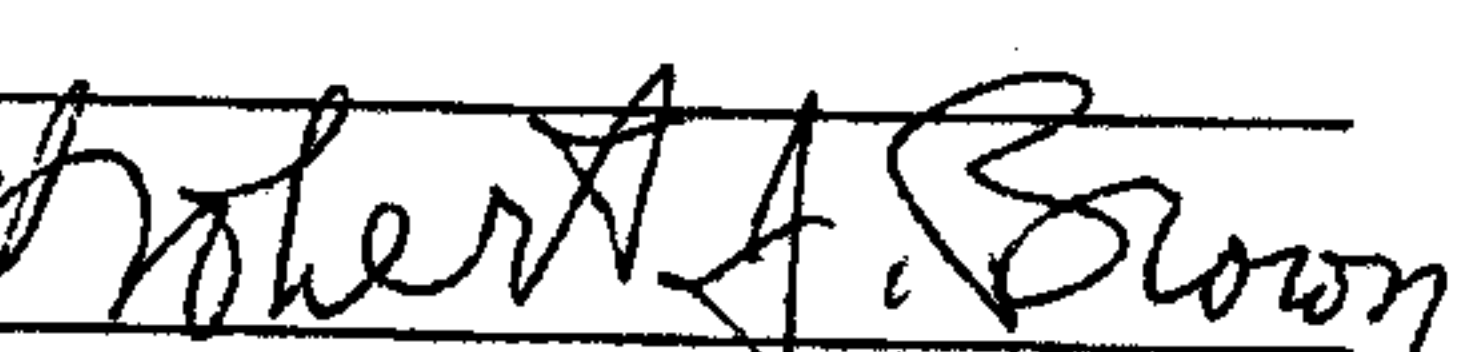
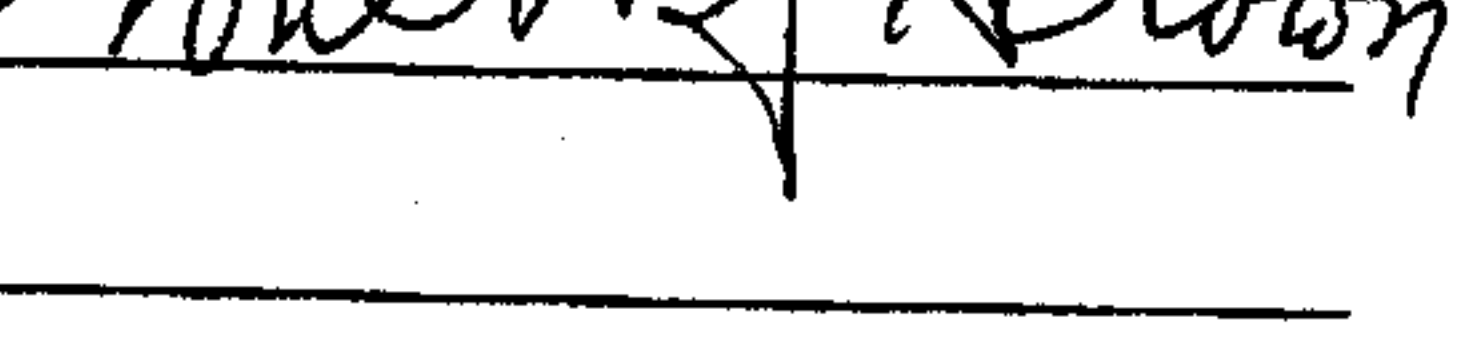
- 3) **A list of each state and the lines of business in that state in which the company holds, or will hold, an insurance license. Indicate the state where the company holds a resident license or charter, as applicable.**

The Bank will not be affiliated with a company engaged in insurance activities that are subject to supervision by a state insurance regulator.

OCC CERTIFICATION

We, the organizers, certify that the information contained in this application has been examined carefully and is true, correct, and complete, and is current as of the date of this submission. We also certify that any misrepresentations or omissions of material facts with respect to this application, any attachments to it, and any other documents or information provided in connection with the application for the organization of the proposed financial institution and federal deposit insurance may be grounds for denial or revocation of the charter and/or insurance, or grounds for an objection to the undersigned as proposed director(s) or officer(s) of the proposed financial institution, and may subject the undersigned to other legal sanctions, including the criminal sanctions provided for in 18 U.S.C. 1001, 1007, and 1014. We request that examiners be assigned to make any investigations necessary.

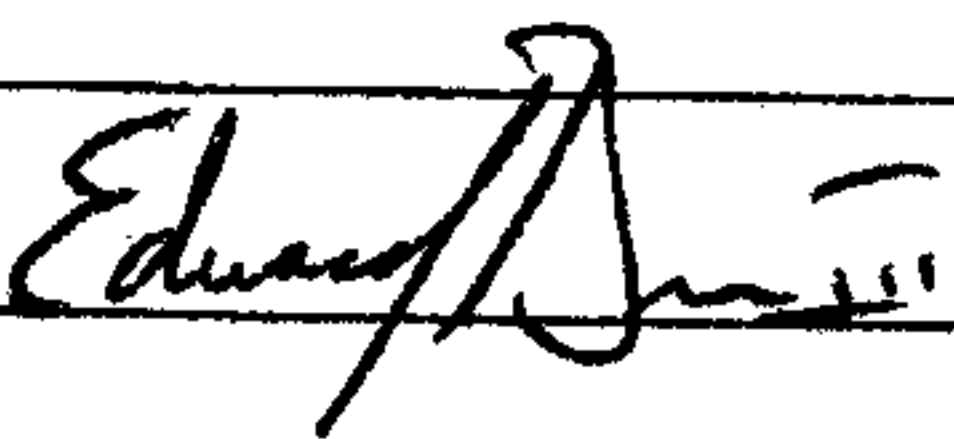
We acknowledge that approval of this application is in the discretion of the appropriate federal banking agency or agencies. Actions or communications, whether oral, written, or electronic, by an agency or its employees in connection with this filing, including approval of the application if granted, do not constitute a contract, either express or implied, or any other obligation binding upon the agency, other federal banking agencies, the United States, any other agency or entity of the United States, or any officer or employee of the United States. Such actions or communications will not affect the ability of any federal banking agency to exercise its supervisory, regulatory, or examination powers under applicable law and regulations. We further acknowledge that the foregoing may not be waived or modified by any employee or agent of a federal banking agency or of the United States.

Signature	Date	Typed Name
	12/04/2009	Milton H. Jones, Jr.
	12/04/2009	Walter L. Davis
	12/04/09	Charles M. Williams
		Edward J. Brown III
		Robert J. Brown
		Robert L. Wright

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Signature	Date	Typed Name
		Milton H. Jones, Jr.
		Walter L. Davis
		Charles M. Williams
	December 17, 2009	Edward J. Brown III
		Robert J. Brown
		Robert L. Wright

